

1607 38

WASHINGTON PARISH HOSPITAL
SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER
FRANKLINTON, LOUISIANA

**Management's Discussion and Analysis and
Audits of Financial Statements**

December 31, 2009 and 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/11/10

Contents

Management's Discussion and Analysis	i - vi
---	--------

Independent Auditor's Report	1 - 2
-------------------------------------	-------

Basic Financial Statements	
Balance Sheets	3 - 4
Statements of Revenues, Expenses and Changes in Net Assets	5
Statements of Cash Flows	6 - 7
Notes to Financial Statements	8 - 23

Independent Auditor's Report on Supplementary Information	24
--	----

Supplementary Information	
Schedule I - Net Patient Service Revenue	25
Schedule II - Other Revenue	26
Schedule III - Governing Board Expenses	27
Schedule IV - Insurance Policies	28

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	29 - 30
--	---------

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER

Management's Discussion and Analysis

Our discussion and analysis of Washington Parish Hospital Service District No.1 d/b/a Riverside Medical Center's (the Hospital) financial performance provides an overview of the Hospital's financial activities for the fiscal years ended December 31, 2009 and 2008. Please read it in conjunction with the Hospital's financial statements in this report. Unless otherwise indicated, amounts are in thousands.

Financial Highlights (Numbers in Thousands)

- Due to a combination of decreases in cash and capital assets the Hospital's total assets decreased by \$1,864.
- The Hospital's total operating revenues increased \$1,290, and the Hospital's operating expenses increased \$317 from the prior year.
- The Hospital increased short-term liabilities by \$306 and decreased long-term liabilities by \$1,396.
- The Hospital received gross reimbursement of Uncompensated Care under the State's Medicaid Program in the amount of \$1,164

Required Financial Statements

The basic financial statements of the Hospital report information about the Hospital using Governmental Accounting Standards Board (GASB) accounting principles. These statements offer short-term and long-term financial information about its activities. The Balance Sheets include the Hospital's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Hospital creditors (liabilities). They also provide the basis for computing rate of return, evaluating the capital structure of the Hospital and assessing the liquidity and financial flexibility of the Hospital. All of the current year's revenues and expenses are accounted for in the Statements of Revenue, Expenses and Changes in Net Assets. These statements measure improvements in the Hospital's operations over the past two years and can be used to determine whether the Hospital has been able to recover all of its costs through its patient service revenue and other revenue sources. The final required financial statement is the Statements of Cash Flows. The primary purpose of this statement is to provide information about the Hospital's cash from operations, investing and financing activities, and to provide answers to such questions as where did cash come from, what was cash used for and what was the change in cash balance during the reporting period.

Financial Analysis of the Hospital

The Balance Sheets and the Statements of Revenue, Expenses, and Changes in Net Assets report information about the Hospital's activities. These two statements report the net assets of the Hospital and changes in them. Increases or decreases in the Hospital's net assets are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in the health care industry, changes in Medicare and Medicaid regulations, and changes in managed care contracting should also be considered.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER

Management's Discussion and Analysis

Net Assets

A summary of the Hospital's Balance Sheets are presented in Table 1 below:

TABLE 1
Condensed Balance Sheets
(In Thousands)

	December 31,		Dollar Change	Percentage Change
	2009	2008		
Current Assets	\$ 6,248	\$ 6,482	\$ (234)	-4%
Capital Assets, Net	5,971	6,773	(802)	-12%
Non-Current Cash and Investments	402	1,230	(828)	-67%
Total Assets	\$ 12,621	\$ 14,485	\$ (1,864)	-13%
Current Liabilities	\$ 3,044	\$ 2,738	\$ 306	11%
Long-Term Debt, Net and Capital Lease Obligations, Net	1,306	2,702	(1,396)	-52%
Total Liabilities	4,350	5,440	(1,090)	-20%
Net Assets	8,271	9,045	(774)	-9%
Total Liabilities and Net Assets	\$ 12,621	\$ 14,485	\$ (1,864)	-13%

As can be seen in Table 1, total assets decreased from \$14,485 to \$12,621 in fiscal year 2009. The decrease in total net assets is primarily a result of decreases in cash and capital assets.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER

Management's Discussion and Analysis

Summary of Revenue, Expenses and Changes in Net Assets

TABLE 2
Condensed Statements of Revenues, Expenses and Changes in Net Assets
(In Thousands)

	Years Ended	
	December 31,	
	2009	2008
Net Patient Service Revenue	\$ 22,265	\$ 20,565
Other Revenue, Net	1,332	1,742
Total Operating Revenue	23,597	22,307
Salaries	10,166	9,867
Employee Benefits	3,250	3,651
Supplies and Other Expenses	8,223	7,928
Outside Services	2,224	2,077
Depreciation and Amortization	942	965
Total Operating Expenses	24,805	24,488
Loss from Operations	(1,208)	(2,182)
Non-Operating Income	434	645
Decrease in Net Assets	(774)	(1,537)
Net Assets - Beginning of Year	9,045	10,582
Net Assets - End of Year	\$ 8,271	\$ 9,045

Sources of Revenue

Operating Revenue

During fiscal year 2009, the Hospital derived the majority of its total revenue from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or their third-party payors, who receive care in the Hospital's facilities. Reimbursement for the Medicare and Medicaid programs and the third-party payors is based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Other Operating Revenue is primarily comprised of reimbursement for Uncompensated Care under the State's Medicaid program.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER

Management's Discussion and Analysis

Table 3 presents the relative percentages of gross charges billed for patient services by payor for the fiscal years ended December 31, 2009 and 2008.

TABLE 3
Payor Mix by Percentage

	Year Ended December 31,	
	2009	2008
Managed Care/Commercial Insurance	29%	30%
Medicare	48	50
Medicaid	15	12
Self-Pay and Other	8	8
Total Patient Revenues	<u>100%</u>	<u>100%</u>

Non-Operating Income

The Hospital holds designated and restricted funds in its Balance Sheets that are invested primarily in money market funds. These investments earned \$15 during the year 2009. These earnings were less than prior years due to decreased cash funds and decreased interest rates.

Operating and Financial Performance

The following summarizes the Hospital's Statements of Revenue, Expenses and Changes in Net Assets between 2009 and 2008:

Overall activity at the Hospital, as measured by combined acute patient and swing bed patient discharges, decreased to 921 discharges in 2009, from 964 discharges in 2008. Combined patient days decreased from 3,398 in 2008, to 3,316 in 2009. As a result, the average length of stay for acute care and swing bed patients was 3.60 days in 2009.

Total net patient service revenue increased by \$1,700 in 2009. The increase in net patient service revenues is a result of increases in outpatient revenues and increased reimbursement from the Medicare program during 2009. Net days in accounts receivable decreased from 54.56 days in 2008, to 51.31 days in 2009.

Salaries increased by \$299 from the prior year, due to salary increases and increases in staff. Employee benefits have decreased by \$401 primarily due to decreased employee health insurance costs and a reduction in pension costs.

The cost of supplies and materials increased by \$294 particularly for patient medical supplies and pharmacy drugs.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER

Management's Discussion and Analysis

As of December 31, 2009, depreciation expense was \$942. Interest expense decreased by \$69 for the year ended December 31, 2009, as a direct result of debt service.

Provision for bad debts decreased \$45 from the prior year due to increased point of service collections from uninsured and underinsured patients. Non-operating income consists of Ad Valorem taxes received for debt services, interest earnings on funds, and rental income.

Capital Assets

The Hospital's capital assets activities are included in Table 4 below:

TABLE 4
Capital Assets
(In Thousands)

	December 31,		Dollar Change	Percentage Change
	2009	2008		
Land Improvements	\$ 890	\$ 878	\$ 12	1%
Buildings	11,492	11,168	324	3%
Vehicles	18	18	-	0%
Equipment	5,385	6,353	(968)	-15%
Subtotal	17,785	18,417	(632)	-3%
Less: Accumulated Depreciation and Amortization	11,905	12,015	(110)	-1%
Construction in Progress	48	328	(280)	-85%
Land	43	43	-	0%
Net Property, Plant and Equipment	<u>\$ 5,971</u>	<u>\$ 6,773</u>	<u>\$ (802)</u>	<u>-12%</u>

Net property, plant and equipment has decreased, for the year ended December 31, 2009, due to the deletion of old equipment and increased accumulated depreciation.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER

Management's Discussion and Analysis

Long-Term Debt

At year-end, the Hospital had \$4,350 in total liabilities. This has decreased by \$1,090 in fiscal year 2009, due to decreases in long-term debt. More detailed information about the Hospital's long-term liabilities is presented in the notes to the financial statements.

Contacting the Hospital's Financial Manager

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Hospital's finances and to demonstrate the Hospital's accountability for the money it receives. If you have questions about this report or need additional information, contact Hospital Administration at (985) 795-4180.



Independent Auditor's Report

To the Board of Commissioners
Washington Parish Hospital Service District No. 1,
d/b/a Riverside Medical Center
Franklinton, Louisiana

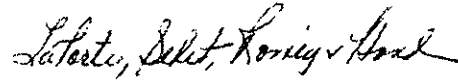
We have audited the accompanying financial statements of Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center (the Hospital), a component unit of Washington Parish, as of and for the years ended December 31, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center as of December 31, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2010, on our consideration of Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The Management's Discussion and Analysis on pages i through vi is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



A Professional Accounting Corporation

May 20, 2010

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER
Balance Sheets
December 31, 2009 and 2008

	2009	2008
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 2,189,315	\$ 2,045,295
Short-Term Investments - Restricted	401,000	479,795
Patient Accounts Receivable, Less Allowance for Doubtful Accounts of \$731,281 and \$1,721,942, Respectively	3,102,846	3,074,018
Estimated Third-Party Payor Settlements	-	203,025
Inventory Supplies, at Cost	314,294	332,246
Prepaid Expenses and Other Current Assets	241,149	347,150
Total Current Assets	6,248,604	6,481,529
Non-Current Cash and Investments		
For Debt Retirement		
Revenue Bonds, Series 1987	-	682,308
General Obligation Bonds, Series 1999	-	469,162
General Obligation Bonds, Series 2009	311,332	-
Revenue Bonds, Series 2003	90,499	78,505
Total Non-Current Cash and Investments	401,831	1,229,975
Capital Assets		
Land	42,921	42,921
Construction in Progress	47,986	328,238
Depreciable Capital Assets, Net of Accumulated Depreciation	5,879,702	6,402,465
Total Capital Assets, Net of Accumulated Depreciation	5,970,609	6,773,624
Total Assets	\$ 12,621,044	\$ 14,485,128

The accompanying notes are an integral part of these financial statements.

	2009	2008
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 751,458	\$ 676,131
Current Maturities of Long-Term Debt	521,110	617,827
Accrued Salaries	1,113,419	1,054,183
Other Accrued Expenses	320,580	320,534
Accrued Interest Payable	12,598	34,544
Estimated Third-Party Payor Settlements	311,593	-
Refunds Due to Patients	1,771	1,495
Current Maturities of Capital Lease Obligations	11,537	32,878
Total Current Liabilities	3,044,066	2,737,592
Long-Term Debt, Net of Current Maturities	1,305,000	2,690,808
Long-Term Capital Lease Obligations, Net of Current Maturities	824	11,574
Total Liabilities	4,349,890	5,439,974
Net Assets		
Invested in Capital Assets, Net of Related Debt	4,132,138	3,420,537
Restricted		
for Debt Service	802,831	1,709,770
Unrestricted	3,336,185	3,914,847
Total Net Assets	8,271,154	9,045,154
Total Liabilities and Net Assets	\$ 12,621,044	\$ 14,485,128

The accompanying notes are an integral part of these financial statements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER
Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended December 31, 2009 and 2008

	2009	2008
Operating Revenues		
Net Patient Service Revenue, Net of Provision for Bad Debts of \$4,117,405 in 2009, and \$4,162,442 in 2008	\$ 22,264,898	\$ 20,564,690
Other	1,332,123	1,742,148
Total Operating Revenues	23,597,021	22,306,838
Operating Expenses		
Salaries	10,166,303	9,866,544
Supplies and Other Expenses	8,222,091	7,928,339
Employee Benefits	3,250,459	3,651,277
Outside Services	2,224,358	2,077,322
Depreciation and Amortization	941,711	965,233
Total Operating Expenses	24,804,922	24,488,715
Operating Loss	(1,207,901)	(2,181,877)
Non-Operating Revenues (Expenses)		
Ad Valorem Taxes	385,541	616,696
Rental Income	125,771	122,980
Interest Income	14,644	70,852
Gain on Sale of Asset	4,000	-
Interest Expense	(96,055)	(165,441)
Total Non-Operating Revenues	433,901	645,087
Decrease in Net Assets	(774,000)	(1,536,790)
Net Assets, Beginning of Year	9,045,154	10,581,944
Net Assets, End of Year	\$ 8,271,154	\$ 9,045,154

The accompanying notes are an integral part of these financial statements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER
Statements of Cash Flows
For the Years Ended December 31, 2009 and 2008

	2009	2008
Cash Flows from Operating Activities		
Receipts from Patients and Third-Party Payors	\$ 24,079,086	\$ 21,780,216
Payments to Suppliers	(10,247,123)	(10,498,481)
Payments to Employees	(13,357,526)	(13,352,964)
Net Cash Provided by (Used in) Operating Activities	<u>474,437</u>	<u>(2,071,229)</u>
Cash Flows from Non-Capital Financing Activities		
Ad Valorem Taxes	<u>577,717</u>	616,696
Net Cash Provided by Non-Capital Financing Activities	<u>577,717</u>	616,696
Cash Flows from Investing Activities		
Interest and Rental Income	140,415	193,832
Cash Released from (Invested in) Assets Whose Use is Restricted	<u>714,763</u>	<u>(140,254)</u>
Net Cash Provided by Investing Activities	<u>855,178</u>	<u>53,578</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Bond Issuance	1,385,000	-
Purchases of Capital Assets	(82,249)	(213,683)
Purchases of Construction in Progress	(52,445)	(426,272)
Interest Paid on Debt Obligations	(118,001)	(170,656)
Repayment on Long-Term Debt	(138,032)	(131,667)
Repayment of Bonds	(2,729,494)	(460,710)
Proceeds from Sale of Assets	4,000	-
Payment of Capital Lease Obligations	<u>(32,091)</u>	<u>(36,865)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(1,763,312)</u>	<u>(1,439,853)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	144,020	(2,840,808)
Cash and Cash Equivalents, Beginning of Year	<u>2,045,295</u>	4,886,103
Cash and Cash Equivalents, End of Year	<u>\$ 2,189,315</u>	<u>\$ 2,045,295</u>

The accompanying notes are an integral part of these financial statements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER
Statements of Cash Flows (Continued)
For the Years Ended December 31, 2009 and 2008

	2009	2008
Reconciliation of Operating Loss to Net Cash		
Provided by Operating Activities		
Operating Loss	\$ (1,207,901)	\$ (2,181,877)
Adjustments to Reconcile Operating Loss to Net Cash		
Provided by (Used in) Operating Activities		
Depreciation and Amortization	941,711	965,233
Provision for Doubtful Accounts	4,117,405	4,162,442
Gain on Sale of Asset	(4,000)	-
Changes in:		
Patient Accounts Receivable	(4,146,233)	(4,106,597)
Inventory Supplies, at Cost	17,952	(62,441)
Prepaid Expenses and Other Current Assets	106,000	(165,544)
Estimated Third-Party Payor Settlements	514,618	(583,961)
Accounts Payable	75,327	(176,918)
Accrued Salaries	59,236	164,856
Refunds Due to Patients	276	1,495
Other Accrued Expenses	46	(87,917)
Net Cash Provided by (Used in) Operating Activities	\$ 474,437	\$ (2,071,229)
Supplemental Disclosure of Non-Cash Financing and Investing Activities		
Assets Acquired Through Capital Lease	\$ -	\$ 19,470

The accompanying notes are an integral part of these financial statements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER

Notes to Financial Statements

Note 1. Description of Reporting Entity and Summary of Significant Accounting Policies

Reporting Entity

Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center (the Hospital) is an acute care facility created pursuant to Louisiana Revised Statutes of 1950, Title 46, Chapter 10. It is the Hospital's mission to provide its community with high quality care and education in a friendly, caring and professional manner. The administration of the Hospital is governed by a Board of Commissioners consisting of members appointed by the Washington Parish Council.

The financial reporting entity consists of (a) the primary government (councilman), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the council to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the council.
2. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Council appoints all of the members of the Hospital's governing board and has the ability to impose its will on the Hospital, the Hospital is a component unit of Washington Parish. The basic financial statements present information only on the funds maintained by the Hospital and do not present information on the Council, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER

Notes to Financial Statements

Note 1. Description of Reporting Entity and Summary of Significant Accounting Policies
(Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Enterprise Fund Accounting

The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict or contradict GASB pronouncements.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, money market accounts and certificates of deposit with an original maturity of three months or less, excluding amounts restricted as to use by Board designation, other arrangements under trust agreements, or with third-party payors.

Restricted Assets

Assets whose use is limited include funds set aside by the Board of Commissioners to satisfy deposit requirements of the Hospital's debt agreements.

Capital Assets

The Hospital's capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of contribution, which is then treated at cost. Equipment under capital lease is stated at the lower of the present value of minimum lease payments at the beginning of the lease term or fair value at the inception of the lease. Maintenance, repairs and minor replacements, and improvements are expensed as incurred. Major replacements and improvements are capitalized at cost.

Depreciation of property, plant and equipment is calculated on the straight-line method using these asset lives: land improvements, 15 to 20 years; buildings and building improvements, 20 to 40 years; and equipment, computers and furniture, 3 to 7 years. Equipment held under capital lease is amortized on the straight-line method over the shorter of the lease term or estimated useful lives of the assets.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER

Notes to Financial Statements

Note 1. Description of Reporting Entity and Summary of Significant Accounting Policies
(Continued)

Inventory

Inventory is valued at the lower of cost or market, using the first-in, first-out method.

Costs of Borrowing

Except for capital assets acquired through gifts, contributions, or capital grants, interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Interest earned on these same borrowed funds, before the funds are spent on the construction of the capital assets, is also capitalized.

Restricted Resources

The Hospital first applies restricted resources when expenditures are incurred for purposes for which both restricted and unrestricted net assets are available.

Net Assets

Net assets represent the difference between assets and liabilities. Net asset classifications are defined as follows:

Net Assets Invested in Capital Assets, Net of Related Debt - consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, is reduced by unspent debt proceeds.

Restricted Expendable Net Assets - consists of non-capital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Hospital, including amounts deposited with trustees as required by revenue bond indentures.

Unrestricted Net Assets - are remaining net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt", as described above.

Operating Revenue and Expenses

The Hospital's statements of revenues, expenses and changes in net assets distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services - the Hospital's principal activity. Non-exchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER

Notes to Financial Statements

**Note 1. Description of Reporting Entity and Summary of Significant Accounting Policies
(Continued)**

Non-Direct Response Advertising

The Hospital expenses advertising costs as incurred. Advertising expenses incurred during the year ended December 31, 2009 and 2008, totaled \$49,477 and \$72,967, respectively.

Compensated Absences

Full-time employees are granted vacation in varying amounts as established by Hospital policy. Unused vacation days earned, up to a maximum of 224 hours per year (28 days per year), may be carried forward and accumulated with a maximum limit of 448 hours. In the event of termination, an employee is reimbursed for accumulated vacation days.

In addition, full and part-time employees are also granted sick pay at a rate of 0.02313 hours per paid hour as established by Hospital policy. Unused sick pay, up to a maximum of 480 hours, may be accumulated. Unused sick pay is not payable upon termination, unless the employee has 20 years of service or more to the Hospital. These employees are paid at the rate of one-half their current hourly rate, for each accrued hour of sick time, not to exceed 480 hours.

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accidental benefits. Commercial insurance coverage is purchased for claims arising from such matters.

Investment in Debt and Equity Securities

Investments in debt and equity securities are reported at fair value except for short-term highly liquid investments that have a remaining maturity at the time they are purchased of one year or less. These investments are carried at amortized costs. Interest, dividends, gains and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating revenue when earned.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER

Notes to Financial Statements

Note 2. Bank Deposits

State law requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts. The Hospital's bylaws require that all bank balances be insured or collateralized by U.S. government securities held by the pledging financial institution's trust department in the name of the Hospital.

The carrying amounts of deposits and investments are included in the Hospital's Balance Sheets as follows:

	2009	2008
Carrying Amount		
Deposits	<u>\$ 2,992,146</u>	<u>\$ 3,755,065</u>
Included in the Following Balance Sheet Captions		
Cash and Cash Equivalents	\$ 2,189,315	\$ 2,045,295
Short-Term Investments	401,000	479,795
Non-Current Cash and Investments		
Revenue Bond, Series 1987	-	682,308
General Obligation Bonds, Series 1999	-	469,162
Revenue Bonds, Series 2003	90,499	78,505
General Obligation Bonds, Series 2009	<u>311,332</u>	-
Total	<u>\$ 2,992,146</u>	<u>\$ 3,755,065</u>

The Hospital's balances were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the Hospital's name.

Note 3. Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The Hospital maintains records to identify and monitor the level of charity care it provides. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The records include the amount of charges foregone for services and supplies furnished under its charity care policy. Charges foregone and supplies furnished, based on established rates, were \$61,878 and \$64,516, as of December 31, 2009 and 2008, respectively.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER

Notes to Financial Statements

Note 4. Accounts Receivable and Payable

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a timely basis. Management estimates the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

Patient accounts receivable and accounts payable (including accrued expenses) reported as current assets and liabilities by the Hospital at December 31, 2009 and 2008, consisted of these amounts:

Patient Accounts Receivable	2009	2008
Receivable from Patients and their Insurance Carriers	\$ 2,778,638	\$ 3,766,125
Receivable from Medicare	706,473	780,991
Receivable from Medicaid	<u>349,016</u>	<u>248,844</u>
Total Patient Accounts Receivable	3,834,127	4,795,960
Less: Allowance for Doubtful Accounts	<u>731,281</u>	<u>1,721,942</u>
Patient Accounts Receivable, Net	<u>\$ 3,102,846</u>	<u>\$ 3,074,018</u>

Accounts Payable and Accrued Expenses	2009	2008
Payable to Employees (Including Payroll Taxes)	\$ 1,113,419	\$ 1,054,183
Payable to Suppliers	751,458	676,131
Other	<u>320,580</u>	<u>320,534</u>
Total Accounts Payable and Accrued Expenses	<u>\$ 2,185,457</u>	<u>\$ 2,050,848</u>

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER

Notes to Financial Statements

Note 5. Capital Assets

Capital assets by major category are as follows:

	January 1, 2009	Additions	Transfers and Disposals	December 31, 2009
Depreciable Assets				
Land Improvements	\$ 878,464	\$ 11,294	\$ -	\$ 889,758
Buildings	11,168,286	368,512	(45,226)	11,491,572
Equipment	6,371,005	39,141	(1,006,822)	5,403,325
Totals at Historical Cost	18,417,755	418,947	(1,052,048)	17,784,655
Less: Accumulated Depreciation for:				
Land Improvements	411,954	42,905	-	454,859
Buildings	6,407,078	528,862	(45,226)	6,890,714
Equipment	5,196,258	369,944	(1,006,822)	4,559,380
Total Accumulated Depreciation	12,015,290	941,711	(1,052,048)	11,904,953
Assets not Being Depreciated				
Land	42,921	-	-	42,921
Construction in Progress	328,238	52,447	(332,698)	47,986
Total Assets not Being Depreciated	371,159	52,447	(332,698)	90,907
Total Capital Assets, Net	\$ 6,773,624	\$ (470,317)	\$ (332,698)	\$ 5,970,609

	January 1, 2008	Additions	Transfers and Disposals	December 31, 2008
Depreciable Assets				
Land Improvements	\$ 883,239	\$ 7,260	\$ (12,035)	\$ 878,464
Buildings	10,793,597	469,359	(94,670)	11,168,286
Equipment	6,232,270	321,166	(182,431)	6,371,005
Totals at Historical Cost	17,909,106	797,785	(289,136)	18,417,755
Less: Accumulated Depreciation for:				
Land Improvements	379,900	44,089	(12,035)	411,954
Buildings	5,987,848	513,900	(94,670)	6,407,078
Equipment	4,971,445	407,244	(182,431)	5,196,258
Total Accumulated Depreciation	11,339,193	965,233	(289,136)	12,015,290
Assets not Being Depreciated				
Land	42,921	-	-	42,921
Construction in Progress	466,599	426,272	(564,633)	328,238
Total Assets not Being Depreciated	509,520	426,272	(564,633)	371,159
Total Capital Assets, Net	\$ 7,079,433	\$ 258,824	\$ (564,633)	\$ 6,773,624

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER

Notes to Financial Statements

Note 6. Long-Term Debt and Other Non-Current Liabilities

A schedule of changes in the Hospital's non-current liabilities for 2009 follows:

	January 1, 2009	Borrowings	Payments	December 31, 2009	Due Within One Year
General Obligation Bond, Series 1999, floating interest rate, annual principal installments due April 1 of each year, semi-annual installments of interest due April 1 and October 1 of each year through 2014. Refinanced in 2009.	\$ 2,470,000	\$ -	\$ (2,470,000)	\$ -	\$ -
General Obligation Bond, Series 2009, floating interest rate, annual principal installments due April 1 of each year, semi-annual installments of interest due April 1 and October 1 of each year through 2013.	-	1,385,000	-	1,385,000	326,000
Revenue Bonds, Series 1987, 5%, payable in equal, annual installments of \$53,220, including interest through 2012. Paid in full in 2009.	188,494	-	(188,494)	-	-
Revenue Bonds, Series 2003, 5.75%, annual principal installments due March 1 of each year, semi-annual installments of interest due March 1 and September 1 of each year through 2013.	392,000	-	(71,000)	321,000	75,000
Note Payable for the acquisition of equipment, repayable in monthly installments totaling \$12,273, including interest at 4.73%, maturity in 2010.	258,142	-	(138,032)	120,110	120,110
Capital Lease Obligation for the acquisition of equipment, repayable in monthly installments totaling \$1,640, maturity in 2010.	37,365	-	(28,023)	9,342	9,342
Capital Lease Obligation for the acquisition of equipment, repayable in monthly installments totaling \$288, including interest at 15.6%, maturity in 2010.	3,956	-	(3,021)	935	935
Capital Lease Obligation for the acquisition of equipment, repayable in monthly installments totaling \$81, including interest at 0.0%, maturity in 2011.	3,130	-	(1,046)	2,084	1,260
Total	\$ 3,353,087	\$ 1,385,000	\$ (2,899,616)	\$ 1,838,471	\$ 532,647

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER

Notes to Financial Statements

Note 6. Long-Term Debt and Other Non-Current Liabilities (Continued)

A schedule of changes in the Hospital's non-current liabilities for 2008 follows:

	January 1, 2008	Borrowings	Payments	December 31, 2008	Due Within One Year
General Obligation Bond, Series 1999, floating interest rate, annual principal installments due April 1 of each year, semi-annual installments of interest due April 1 and October 1 of each year through 2014.	\$ 2,820,000	\$ -	\$ (350,000)	\$ 2,470,000	\$ 365,000
Revenue Bonds, Series 1987, 5%, payable in equal, annual installments of \$53,220, including interest through 2012.	230,204	-	(41,710)	188,494	43,795
Revenue Bonds, Series 2003, 5.75%, annual principal installments due March 1 of each year, semi-annual installments of interest due March 1 and September 1 of each year through 2013.	461,000	-	(69,000)	392,000	71,000
Note Payable for the acquisition of equipment, repayable in monthly installments totaling \$12,273, including interest at 4.73%, maturity in 2010.	389,809	-	(131,667)	258,142	138,032
Capital Lease Obligation for the acquisition of equipment, repayable in monthly installments totaling \$1,640, maturity in 2010.	45,920	19,470	(28,025)	37,365	28,025
Capital Lease Obligation for the acquisition of equipment, repayable in monthly installments totaling \$416, including interest at 0.0%.	4,997	-	(4,997)	-	-
Capital Lease Obligation for the acquisition of equipment, repayable in monthly installments totaling \$288, including interest at 15.6%, maturity in 2010.	6,543	-	(2,587)	3,956	3,391
Capital Lease Obligation for the acquisition of equipment, repayable in monthly installments totaling \$81, including interest at 0.0%, maturity in 2011.	4,386	-	(1,256)	3,130	1,462
Total	\$ 3,962,859	\$ 19,470	\$ (629,242)	\$ 3,353,087	\$ 650,705

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER

Notes to Financial Statements

Note 6. Long-Term Debt and Other Non-Current Liabilities (Continued)

Scheduled principal and interest repayments on long-term debt and payments on capital lease obligations are as follows:

Year Ending December 31,	Long-Term Debt		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2010	\$ 521,110	\$ 45,384	\$ 11,537	\$ 22
2011	418,000	35,173	824	-
2012	435,000	23,577	-	-
2013	452,000	7,963	-	-
Total	\$ 1,826,110	\$ 112,097	\$ 12,361	\$ 22

Interest expense incurred on long-term debt in 2009 and 2008, was \$96,055 and \$165,441, respectively.

As reflected above, the Hospital refinanced the remaining portion of the 1999 Series Bonds, resulting in the issuance of the 2009 Series General Obligation Refunding Bonds. These Bonds are secured by Ad Valorem tax revenue, as mentioned in Note 14. The proceeds from the 2009 Bond issuance are restricted to the payment of costs associated with the Hospital's capital project. The Bond proceeds that remain are restricted, in that the earnings on the remaining proceeds cannot generate a yield in excess of that yield on the Bonds.

The 2003 Revenue Bonds are secured by bonds in the amount of \$700,000, and a pledge of revenues from the operation of the Hospital. The proceeds were restricted for the purpose of paying a portion of the costs of constructing and acquiring improvements and renovations to the Hospital.

During the year ended December 31, 2005, the Hospital acquired equipment under the terms of an equipment installment purchase agreement. The amount of equipment acquired totaled \$654,548 and the obligation is payable in 60 monthly installments totaling \$12,273 per month, including interest at 4.73%. The obligation is secured by equipment.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER

Notes to Financial Statements

Note 7. Leases

The Hospital is obligated under certain non-cancelable operating leases for various equipment. Amounts paid under these leases totaled \$776,631 and \$638,692 for the years ended December 31, 2009 and 2008, respectively. Future minimum operating lease payments are as follows:

Year Ending December 31,	Amount
2010	\$ 616,022
2011	409,832
2012	297,750
2013	<u>7,531</u>
Total	<u>\$ 1,331,135</u>

The Hospital leases office space to certain doctors. Rental income received under these arrangements totaled \$125,771 and \$122,980, for the years ended December 31, 2009 and 2008, respectively.

Note 8. Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from established rates. A summary of the payment arrangements with major third-party payors follows:

- Medicare - Effective July 1, 2004, the Hospital was approved for "critical access" status under the Medicare Rural Hospital Flexibility Program. The program allows States to designate rural facilities as "critical access hospitals" if they are located a sufficient distance from other hospitals, make available 24-hour emergency care, maintain no more than 25 inpatient beds, and keep inpatients no longer than 96 hours (except where weather or emergency conditions dictate, or a Peer Review Organization waives the limit). Payments for inpatient/outpatient services under critical access are on the basis of reasonable costs.

Prior to July 1, 2004, the Hospital was paid for inpatient acute care services rendered to Medicare program beneficiaries under prospectively determined rates-per-discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The prospectively determined classification of patients and the appropriateness of the patients' admissions are subject to a validation review by a Medicare peer review organization, which is under contract with the Hospital to perform such reviews.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1

d/b/a

RIVERSIDE MEDICAL CENTER

Notes to Financial Statements

Note 8. Net Patient Service Revenue (Continued)

Cost reimbursed services are paid at tentative rates, with final settlement determined after submission of annual cost reports and the completion of audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited or reviewed by the Medicare fiscal intermediary through December 31, 2007.

- Medicaid - Inpatient care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per day. Most outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology subject to an outpatient adjustment determined by the Department of Health and Hospitals.

The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports and the completion of audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited or reviewed by the Medicaid fiscal intermediary through December 31, 2005.

Revenue from the Medicare and Medicaid programs accounted for approximately 51 percent and 15 percent, respectively, of the Hospital's net patient revenue for the year ended 2009, and 53 percent and 15 percent, respectively, of the Hospital's net patient revenue, for the year ended 2008. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The 2009 net patient service revenue increased approximately \$130,000 due to removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer subject to audits, reviews, and investigations.

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Since the Hospital serves a disproportionate share of low-income patients, it qualifies for Medicaid Disproportionate Share Hospital reimbursements.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER

Notes to Financial Statements

Note 8. Net Patient Service Revenue (Continued)

Gross Medicaid Disproportionate Share Hospital reimbursements of \$1,163,924 and \$1,540,466 were received in the Hospital's years ended December 31, 2009 and 2008, respectively. These amounts are subject to audit by the State of Louisiana. It is possible that settlement amounts may arise as a result of such audits. Management has not established an estimated liability for such retroactive adjustments as of December 31, 2009.

Presented below is a summary of net patient service revenue for the years ended December 31, 2009 and 2008.

	2009	2008
Gross Patient Service Revenue	\$ 57,839,965	\$ 51,592,297
Less: Provision for Contractual Adjustments	(31,457,662)	(26,865,165)
Less: Provision for Bad Debts	(4,117,405)	(4,162,442)
Total	\$ 22,264,898	\$ 20,564,690

Note 9. Business and Credit Concentrations

The Hospital grants credit to patients, substantially all of whom are local residents. The Hospital generally does not require collateral or other security extending credit to patients; however, it routinely obtains assignments of (or is otherwise entitled to receive) patients' benefits payable under health insurance programs, plans or policies (e.g., Medicare, Medicaid, Blue Cross and commercial insurance policies).

The Hospital had receivables, net of contractual provisions, of \$706,473 and \$780,991, due from the Federal Government (Medicare) at December 31, 2009 and 2008, respectively, and \$349,016 and \$248,844, due from the State of Louisiana (Medicaid) at December 31, 2009 and 2008, respectively.

Note 10. Defined Contribution Plan

The Hospital offers to its employees a single employer defined contribution plan in accordance with Internal Revenue Code Section 457. Substantially all employees who have completed one year of service are eligible to participate. Under the plan, the maximum deferral offered to the employees is \$15,500, as defined in the plan agreement. The Hospital is required to match 100% of the employees' deferral, not to exceed 3% of the employees' salary of \$15,500. Participants become fully vested after five years, with no graduated vesting occurring between years one through four. Employer contributions were \$235,663 and \$236,259 during 2009 and 2008, respectively.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1

d/b/a

RIVERSIDE MEDICAL CENTER

Notes to Financial Statements

Note 10. Defined Contribution Plan (Continued)

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, and the benefits may not be diverted to any other use.

The Hospital has no liability for losses under the plan. An independent administrator serves as trustee of the employees' deferrals and the Hospital's matching contributions. Each employee chooses from an array of investment options offered by the administrator.

Note 11. Commitments

As of December 31, 2009, the Hospital is contractually committed under a professional service contract for the management of its pharmacy. Minimum fees payable under this contract are as follows:

2010	<u>\$ 13,844</u>
Total	<u>\$ 13,844</u>

Note 12. Contingencies

The Hospital evaluates contingencies based upon the best available evidence. The Hospital believes that no allowances for loss contingencies are considered necessary. To the extent that resolution of contingencies results in amounts, which vary, from the Hospital's estimates, future earnings will be charged or credited.

The principal contingencies are described below.

Third Party Cost-Based Charges

The Hospital is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as a result of their examinations as well as retroactive changes in interpretations applying statutes, regulations and general instructions of those programs. The amount of such adjustments cannot be determined.

To ensure accurate payments to providers, the Tax Relief and Healthcare Act of 2006 mandated the Centers for Medicare & Medicaid Services (CMS) to implement a Recovery Audit Contractor (RAC) program on a permanent and nationwide basis no later than 2010. The program uses RACs to search for potentially improper Medicare payments that may have been made to health care providers that were not detected through existing CMS program integrity efforts, on payments that have occurred at least one year ago but not longer than three years ago. Once a RAC identifies a claim it believes to be improper, it makes a deduction from the provider's Medicare reimbursement in an amount estimated to equal the overpayment.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1

d/b/a

RIVERSIDE MEDICAL CENTER

Notes to Financial Statements

Note 12. Contingencies (Continued)

Third Party Cost-Based Charges

The Hospital will deduct from revenue, amounts assessed under the RAC audits at the time a notice is received until such time that estimates of net amounts due can be reasonably estimated. RAC assessments are anticipated; however, the outcome of such assessments is unknown and cannot be reasonably estimated.

Professional Liability Risk

The Hospital is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund or the Louisiana Hospital Association Trust Fund.

Workmen's Compensation Risk

The Hospital participated in the Louisiana Hospital Association Self-Insurance Workmen's Compensation Trust Fund in 2009 and 2008. Should the fund's assets not be adequate to cover claims made against it, the Hospital may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any. Accordingly, the Hospital is contingently liable for assessments by the Louisiana Hospital Association Trust Fund. The trust fund presumes to be a "Grantor Trust" and, accordingly, income and expenses are prorated to member hospitals. The Hospital has included these allocations of equity in the trust in its financial statements.

Laws and Regulations

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in exclusion from government healthcare program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the Hospital is subject to similar regulatory reviews, management believes the outcome of any such regulatory review will not have a material adverse effect on the Hospital's financial position.

Note 13. Income Taxes

The Hospital is a governmental unit which has registered itself as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER

Notes to Financial Statements

Note 14. Ad Valorem Taxes

The Hospital has a levy of 6 mill Ad Valorem tax. Ad Valorem taxes make up approximately 1.6% in 2009 and 2.8% in 2008 of the Hospital's financial support. These funds are used for debt service.

Note 15. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 20, 2010, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



Independent Auditor's Report on Supplementary Information

To the Board of Commissioners
Washington Parish Hospital Service District No. 1
d/b/a Riverside Medical Center
Franklinton, Louisiana

Our report on our audits of the basic financial statements of Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center, a component unit of Washington Parish, for the years ended December 31, 2009 and 2008, appears on page 1. These audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information that follows on pages 25 - 28 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A Professional Accounting Corporation

May 20, 2010

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT, NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER
Net Patient Service Revenue
For the Years Ended December 31, 2009 and 2008

	2009			2008
	Inpatient	Outpatient	Total	Total
Daily Patient Services				
Medical and Surgical	\$ 2,099,207	\$ 179,914	\$ 2,279,121	\$ 1,727,881
Intensive Care	132,340	-	132,340	162,840
	<u>2,231,547</u>	<u>179,914</u>	<u>2,411,461</u>	<u>1,890,721</u>
Other Nursing Services				
Emergency Services	2,129,829	7,359,460	9,489,289	8,010,602
Operating and Recovery Rooms	176,350	2,738,263	2,914,613	2,820,798
Central Services and Supply	952,539	1,636,266	2,588,805	2,457,723
	<u>3,258,718</u>	<u>11,733,989</u>	<u>14,992,707</u>	<u>13,289,123</u>
Other Professional Services				
Laboratory	1,751,326	10,864,028	12,615,354	10,859,422
Pharmacy	1,825,830	3,989,711	5,815,541	6,083,777
Cat Scan	397,694	5,406,822	5,804,516	5,261,454
Cardiopulmonary	2,164,112	759,471	2,923,583	2,217,562
Radiology	248,716	2,114,007	2,362,723	2,123,014
Speech/Occupational/Physical Therapy	68,944	1,536,405	1,605,349	1,379,595
MRI	77,877	1,384,634	1,462,311	1,269,930
Ultrasound	149,493	960,828	1,110,321	967,844
Nuclear Medicine	114,025	837,668	951,693	920,847
Woundcare	-	980,974	980,974	853,374
Echo and Doppler	294,896	564,564	859,460	821,462
Ped/Intern Clinic	-	769,163	769,163	820,847
Chemotherapy	93,031	606,861	699,892	630,960
Electrocardiology	155,086	511,764	666,850	611,013
Anesthesiology	39,580	412,533	452,113	508,177
Franklinton Clinic	-	429,266	429,266	404,575
Electroencephalography	5,679	308,230	313,909	303,138
Mammography	621	385,639	386,260	279,608
Hospitalist	79,062	46,862	125,924	51,877
Swing Bed	54,510	-	54,510	-
Dietary	26,928	3,960	30,888	28,629
Dialysis	13,266	2,211	15,477	9,615
Diabetic Education	-	(280)	(280)	5,733
	<u>7,560,476</u>	<u>32,875,321</u>	<u>40,435,797</u>	<u>36,412,453</u>
Totals	<u>\$ 13,050,741</u>	<u>\$ 44,789,224</u>	<u>57,839,965</u>	<u>51,592,297</u>
Less: Contractual Adjustments			31,457,662	26,865,165
Less: Provision for Bad Debts			4,117,405	4,162,442
Net Patient Service Revenue			<u>\$ 22,264,898</u>	<u>\$ 20,564,690</u>

See independent auditor's report on supplementary information.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1

d/b/a

RIVERSIDE MEDICAL CENTER**Other Revenue****For the Years Ended December 31, 2009 and 2008**

	2009	2008
Other Revenue		
RHPA - Dispro	\$ 1,163,924	\$ 1,540,466
Other	97,964	139,242
Cafeteria	62,554	53,288
Concessions	7,681	9,152
Total Other Revenue	<u>\$ 1,332,123</u>	<u>\$ 1,742,148</u>

See independent auditor's report on supplementary information.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER
Governing Board Expenses
For the Years Ended December 31, 2009 and 2008

	2009	2008
Governing Board Expenses		
Wayne Knight	\$ 825	\$ 825
Lionel K. Jones	750	-
Violet D. Tate	600	375
Rachel Gill	600	-
Charles Mike Cassidy	375	825
Glyn Breland	300	825
Lavern Jenkins	300	750
Joseph Cobb	225	-
James T. Thomas	225	750
Lawrence A. McGuire	-	900
Dorothy M. Schilling	-	525
Total Governing Board Expenses	\$ 4,200	\$ 5,775

See independent auditor's report on supplementary information.

WASHINGTON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
RIVERSIDE MEDICAL CENTER
Schedule of Insurance Policies
For the Year Ended December 31, 2009

RISK COVERED	COVERAGE	PERIOD
Workers' Compensation	\$ 1,000,000	1/1/09 to 1/1/10
Medical Professional Liability - Total Limit	\$ 3,000,000	2/2/09 to 2/1/10
Any one person limit [with the Louisiana Patients' Compensation Fund (LPCF) affording an additional \$500,000 in protection]	\$ 1,000,000	2/2/09 to 2/1/10
Commercial General Liability - Total Limit	\$ 3,000,000	2/2/09 to 2/1/10
Any one person limit	\$ 1,000,000	2/2/09 to 2/1/10
Commercial Automobile	\$ 1,000,000	2/2/09 to 2/1/10
Commercial Umbrella - Excess Liability	\$ 5,000,000	2/2/09 to 2/1/10
(The Umbrella is excess of Commercial, General, Automobile, Employer's and Professional Liability Insurance)		
Commercial Property		
Hospital Complex - Total Blanket	\$ 36,667,789	2/2/09 to 2/1/10
Earthquake	\$ 5,000,000	2/2/09 to 2/1/10
Blanket Earnings/Expenses	\$ 9,421,259	2/2/09 to 2/1/10
Scheduled Position Bond	\$ 53,220	2/2/09 to 2/1/10
Director and Officers' Liability	\$ 3,000,000	2/2/09 to 2/1/10
Computer and Data		
Hospital Complex	\$ 2,280,987	2/2/09 to 2/1/10
2004 Marvin Magee Drive	\$ 20,000	2/2/09 to 2/1/10
807-809 Riverside Drive	\$ 20,000	2/2/09 to 2/1/10
806 B Riverside Drive	\$ 271,918	2/2/09 to 2/1/10
Data/Media Insured Locations	Included	2/2/09 to 2/1/10
Archiving System	\$ 527,431	2/2/09 to 2/1/10
45 Drawer Base Unit	\$ 228,145	2/2/09 to 2/1/10
Digital RAD System	\$ 510,400	2/2/09 to 2/1/10
GE Video Endoscope	\$ 53,280	2/2/09 to 2/1/10
Operating Video System	\$ 93,619	2/2/09 to 2/1/10
ER Telemetry/IntelliVue Equipment	\$ 176,964	2/2/09 to 2/1/10
GE Senographa Digital Mammogram Unit	\$ 510,148	2/2/09 to 2/1/10
Employee Dishonesty		
Blanket	\$ 250,000	2/2/09 to 2/1/10
Boiler/Machinery/Mechanical		
Hospital Complex	\$ 42,894,723	2/2/09 to 2/1/10
Service Interruption	\$ 100,000	2/2/09 to 2/1/10
Business Income	\$ 7,878,975	2/2/09 to 2/1/10
Expediting Expenses	\$ 100,000	2/2/09 to 2/1/10
Hazardous Substance	\$ 100,000	2/2/09 to 2/1/10
Spoilage	\$ 100,000	2/2/09 to 2/1/10
Office Buildings		
803-805 Riverside	\$ 260,454	2/2/09 to 2/1/10
806 Riverside	\$ 145,944	2/2/09 to 2/1/10
807-809 Riverside - Building	\$ 260,454	2/2/09 to 2/1/10
807-809 Riverside - Furnishings	\$ 13,000	2/2/09 to 2/1/10
2004 Marvin Magee Drive - Building	\$ 141,452	2/2/09 to 2/1/10
2004 Marvin Magee Drive - Furnishings	\$ 12,000	2/2/09 to 2/1/10
809 Boat Ramp Road - Building	\$ 141,452	2/2/09 to 2/1/10
809 Boat Ramp Road - Furnishings	\$ 12,000	2/2/09 to 2/1/10
Extra Expense Each Location	\$ 50,000	2/2/09 to 2/1/10

See independent auditor's report on supplementary information.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Washington Parish Hospital Service District No. 1,
d/b/a Riverside Medical Center
Franklinton, Louisiana

We have audited the financial statements of Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center, a component unit of the Washington Parish Councilman, as of and for the year ended December 31, 2009, and have issued our report thereon dated May 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center's internal control over financial reporting.

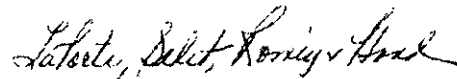
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington Parish Hospital Service District No. 1, d/b/a Riverside Medical Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance noted below that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Commissioners, and State of Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these parties. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.



A Professional Accounting Corporation

May 20, 2010